

INFORMATION REPORT

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COUNTRY Egypt/USSR

CONFIDENTIAL

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SUBJECT Fiscal Activities of the Soviet and
Satellite Legations in Cairo

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SUPPLEMENT TO
REPORT NO. [REDACTED]

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1. The official funds of the Soviet and satellite Legations in Egypt are being carefully watched by the Egyptian authorities, informant states. These authorities are convinced, after a lengthy period of examination, that the Legation accounts do not show funds used by the Soviets for propaganda purposes, since the deposits and withdrawals to their accounts are reported to be normal for the expenses of the Legation. The same is true of the accounts of the Polish, Czech, Yugoslav, and Rumanian Legations. According to informant, the official accounts of the Soviet and Yugoslav Legations are carried in the Bank Misr.*

2. The Egyptian authorities are sure that the activities of terrorist groups and communist cells in Egypt are supported by funds from the USSR. They believe, according to informant, that the funds reach Egypt in the following ways:

a. Payment for goods exported to Egypt by the USSR and the satellite states, especially Czechoslovakia and Rumania, is not transferred to the exporting nation but is retained in Egypt. The money, either in pounds sterling or Egyptian pounds, is turned over to persons connected with various subversive groups.

b. Funds, supplied by the USSR, are sent to communist organizations in France and Italy. In turn, French francs and Italian lire are exchanged for Egyptian pounds, either by the transfer of checks or by the opening of accounts.**

c. Persons traveling through Cairo, especially by plane, carry funds. However, these persons do not contact the Soviet or satellite Legations directly, informant states.

* [REDACTED] the Soviet Legation in Cairo used the Arab National Bank as the repository of its funds.

** [REDACTED] Egypt has an adverse balance of trade with Italy. Only 25 percent of the total trade, however, is liquidated through transfer of commercial credits, while payment for the remaining 75 percent remains in Egypt as capital assets of Italian firms.

CLASSIFICATION [REDACTED]

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date [REDACTED]

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